

ARGENTINA PERSPECTIVES ON THE UNITED STATES: THE SIGNIFICANCE OF AMERICAN ACTIVITIES AND INTERNAL ARGENTIAN POLITICS

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Argentina

<i>National Profile</i>	
Alternate Name	Argentine Republic
Area	2.8 Million sq. km. (1.1 Million sq. mi.) 2 nd largest country in South America.
Capital City	Buenos Aires
Population	38.6 Million (2005 est.)
Population Growth Rate	0.98% (est. 2005)
Ethnic Groups	European 97% (mostly of Spanish and Italian descent); Amerindian or other non-white groups 3%.
Government Type	Republic
Constitution	1853; revised 1994.
Colonial Rule	Spain to 1816
Independence	July 09, 1816
Suffrage	18 years of age, universal, mandatory
Literacy Rates (male & female)	Male 97%, Female 97% (est. 2003) compulsory school years: 12
Life Expectancy at Birth	Male 72.2 yr, Female 79.9 yr (est. 2005)
Religions (% population)	Roman Catholic 92%, Protestant 2%, Jewish 2%, Others 4%.
Major Languages	Spanish (Official), English, Italian, German, French.
Currency	Argentine peso
Work force	Industry & commerce 36%; transport & communications 6%; agriculture 19%
Industries	Food processing, motor vehicles, consumer durables, textiles, chemicals and petrochemicals, metallurgy, printing, steel.
Media Providers	Radio (AM/FM) 43 (2005), Television 67 (2005), Internet Service Providers 30 (2005)
Internet Users (% population)	45% (2005)
Media Freedom	Most are privately owned, the rest government controlled media.
Climate	Varied, predominantly temperate with extremes ranging from subtropical in the north to arid/sub-Antarctic in far south.

Year 2004 Argentine Exports (Millions of U.S. Dollars)

	Total	EU	MERCOSUR	NAFTA	Rest
All products	34,453	6,081	6,770	5,041	16,561
Primary Products	6,828	1,538	1,062	182	4,046
Agribusiness	11,932	3,557	787	1,038	6,550
Industrial Products	9,522	958	3,549	2,091	2,924
Fuels	6,171	28	1,372	1,730	3,041
Pct Share of Total	100.0	17.7	19.7	14.6	48.1
Pct Growth 2003/2004	16.5	4.4	19.8	21.6	18.8

Footnote: MERCOSUR means Common Market of the Southern Cone. It was established to negotiate and sign agreements with third countries, groups of countries and international organizations. Countries involved: the Argentine Republic, The Federative Republic of Brazil, the Republic of Paraguay and the Eastern Republic of Uruguay.

NAFTA stands for North American Free Trade Agreement; it is a comprehensive, groundbreaking free trade and investment agreement that involves the governments of Canada, Mexico and U.S.

General Exports: edible oils, fuels and energy, cereals, feed, motor vehicles

Year 2004 Argentine Imports (Millions of U.S. Dollars)

Total Argentine Imports	22,320
1. From MERCOSUR	8,211
2. From European Union	4,199
3. From NAFTA	4,320
Portion of NAFTA (3) from U.S.)	3,431

General Imports: machinery and equipment, motor vehicles, chemicals, metal manufactures, plastics

Major suppliers : MERCOSUR 36.8%; EU 18.8%; NAFTA 19.4%.

Imports from the United States were 15.4% of total Argentine imports and 79.4% of Argentine imports from NAFTA in 2004.

Two forces combined to create the modern Argentine nation in the late 19th century: the introduction of modern agricultural techniques and integration of Argentina into the world economy. Foreign investment and immigration from Europe aided this economic revolution. As in the United States, the migrants who worked to develop Argentina's resources - especially the western pampas - came from throughout Europe.

Political & Social History

In March, 1973, Argentina held general elections for the first time after years of military governments (General Peron). However, Peron returned as democratic President in October, 1973. During this period, extremists on the left and right carried out terrorist acts with a frequency that threatened public order. The government resorted to a number of emergency decrees, including the implementation of special executive authority to deal with violence. This allowed the government to imprison persons indefinitely without charge.

After Peron's death in 1974, his wife succeeded him in office. A military coup removed her from office in 1976, and the armed forces formally exercised power through a junta composed of the three service commanders until December 1983. The armed forces applied harsh measures against terrorists and those suspected of being their sympathizers. They restored basic order, but the human costs of what became known as "El Proceso," or "the Dirty War," was high. Conservative counts list between 10,000 and 30,000 persons as "disappeared" during the 1976-83 period. Serious economic problems, mounting charges of corruption, public revulsion in the face of human rights abuses and finally, the country's 1982 defeat by the United Kingdom in an unsuccessful attempt to seize the Falklands/Malvinas Islands, all combined to discredit the Argentine military regime. The junta lifted bans on political parties and gradually restored basic political liberties.

In 1983, Argentines went to the polls and chose Dr. Alfonsín, of the Radical Civic Union (UCR), as President. In 1985 and 1987, large turnouts for mid-term elections demonstrated continued public support for a strong and vigorous democratic system. The UCR-led government took steps to resolve some of the nation's most pressing problems, including accounting for those who disappeared during military rule, establishing civilian control of the armed forces, and consolidating democratic institutions. However, failure to resolve endemic economic problems and an inability to maintain public confidence undermined the effectiveness of the Alfonsín government which left office 6 months early when Peronist candidate Carlos Menem won the 1989 presidential elections.

Menem's accomplishments included dismantling a web of protectionist trade and business regulations and reversing a half-century of statism by implementing an ambitious privatization program. These reforms contributed to significant increases in investment and growth due to stable prices through most of the 1990s. While convertibility defeated inflation, its permanence undermined Argentina's export competitiveness and created chronic deficits in the balance of payments which were financed by massive borrowing. The contagion effect of the Asian financial crisis of 1998 precipitated an outflow of capital that gradually mushroomed into a 4-year depression that culminated in a financial panic in 2001.

After two rounds of presidential elections, Kirchner took presidential office in 2003, in the middle of an immense social and economic upheaval stemming from the financial crisis caused by a failed currency convertibility regime. Kirchner has focused on consolidating his political strength and alleviating social problems. He forced changes in the Supreme Court and

military and undertook popular measures, such as raising government salaries, pensions, and the minimum wage. The wave of public demonstrations that coincided with the economic downturn has stabilized. President Kirchner won a major victory in the October 2005 legislative elections, giving him a strengthened mandate and a stronger position in the Senate and Chamber of Deputies as he attempts to set Argentina's economic course and consolidate the impressive economic recovery of the past three years.

Argentina-U.S. Relations

The history of the bilateral links between Argentina and the USA tends to be reduced to successive diplomatic events. Traditionally, diplomatic relations fluctuated for a variety of reasons, including: both economies and internationally competitive because both countries were big manufacturers of food and large grain exporters. The commercial balance was usually negative for Argentina. Argentina assumed an independent attitude during World War I and II. Argentina's rejection to the hegemonic Americanism prompted by the U.S. and systematic violations to human rights in Argentina caused problems. In addition, during the last military administration, there were serious confrontations between both countries because the U.S. supported England during the war to recover the "Malvinas Islands" (Falkland Islands), and because Argentina refused to respect the grain sale embargo imposed by the U.S against the U.R.S.S. These issues branded Argentina as a "non trustworthy country".

Toward the end of 1981, there was a privatization of the bilateral relationship due to the deep rupture of the bilateral links during the military government, in which the private and para-state actors were predominant. Those actors included economic, military, and political groups from Argentina, international private banks, multilateral organisms, and local groups linked to trans-national financial capitals.

With the restoration of the democracy at the end of 1983, the deterioration period of the relationship stopped, showing a more mature Argentinean attitude toward the U.S. Changes in the bilateral relationship were focused on: the authoritarianism collapse in South America, the transition processes to democracy and the consequent support of democracy by the Reagan government, the financial crisis and the adopted approaches to renegotiate payments, and the strength of the economic reforms.

The rise of democracy in Argentina at the end of 1983 brought the first example of centralization and restoration of mutually agreeable foreign diplomatic policies accompanied by a programmatic discourse. Nevertheless, the rigidity of the structural frame of the insertion of Argentina into the international trade became evident particularly in the financial field, where the conditions were imposed by a group of actors (national and foreign) supported by the U.S. government. However, some divergence still continues because of U.S intervention in Central America (Nicaragua), the traditional Argentinean refusal to confirm the Non-Nuclear Proliferation Agreement, or its inclusion in the Movement of Non-Aligned Countries. During this democratic period, the

most influential voice was public opinion expressed through political organizations and massive communication media.

The relationship between both countries became stronger with the arrival of the Menem government in July 1989. This achieved relationship came as a consequence of the Argentinean government's shift in attitude toward peace and international security, and its decision to face a structural economic reform with an aperture to foreign trade and investments. Those intentions were substantiated later by sending Argentinean Army ships to support the Gulf War, by signing the Non-Nuclear Proliferation Agreement and the Latin American Nuclear Weapons Proscription, and by formally reproving the actions of President Fujimori against human rights in Peru and the removal of President Aristide in Haiti. A glance at the balance of commerce between the two countries from 1991 through 1994 shows exportations to the U.S. in the order of \$420 million, and conversely, importation from the U.S. averaged \$105 Million. The exported products were mainly agricultural, including meat and meat by products, fruit juices, tobacco, sugar, fruits, vegetables and nuts. The U.S. was Argentina's major source of investment capital and technology. Argentina's agricultural exportations have been an important source of funds (60% of the total), particularly considering the different climates, growing seasons, and natural resources characteristic of such an extensive country.

During the Menem government, a quasi-currency board system ("convertibility") pegged the peso to the dollar at a one to one rate for over 10 years. While convertibility brought the country macroeconomic and price stability and provided the framework for a broad-based deregulation, privatization, and market liberalization in the 1990s, it proved unable to withstand the persistent fiscal deficits. The end of this period found the peso devalued. While most observers recognized by late 2001 that a devaluation and default had become almost inevitable, the manner in which the devaluation was implemented significantly increased the damage done to the economy. Strict limitations on cash withdrawals from bank accounts (the "corralito") imposed in December 2001 after a prolonged bank run were followed in January 2002 by the freezing of almost all dollar-denominated bank accounts and their conversion to pesos at an artificial rate of 1.4 pesos to the dollar. Subsequent floating of the peso in February 2002 increased depositors' sense of expropriation. Meanwhile, almost all dollar-denominated loans within Argentina were converted to pesos at 1 to 1. This "asymmetric pesification" has destroyed banks' balance sheets as well as their reputations. The banking system, once one of the strongest in Latin America, was diminished. The number of banks and the scale of banking operations shrank, with most domestic banking limited to transactional operations.

U.S. investment was concentrated in financial services, telecommunications, energy, petrochemicals, food processing, and motor vehicle manufacturing. However, the economic crisis and the government decisions have clouded the country's investment climate, and many U.S. firms have substantially diminished the value of their Argentine investments. A lot of economic problems were associated with this adjustment, including service limitations, less industrial product availability, and raw material pricing without

limitations, thereby increasing poverty. The number of marginal people increased quickly and continuously, employment decreased and business in the country was greatly reduced. An article written by Otto Reich (U.S.) for La Nacion journal, expressed his feelings and admiration for the country and its citizens. He wrote that even as Argentina is facing a painful economic crisis, his citizens have answered with a continuous adhesion to the democratic principles of a republican government. The two after-Menem governments were short and the negative spiraling could not be reversed.

When President Kichner assumed office in 2002, Mel Martinez, a representative of the Bush administration, expressed his satisfaction for Kirchner's presidential discourse denoting positive signals and compromise regarding justice, laws, human rights, opposition to the international terrorism, and the support to the American Free Trade Alliance (AFTA). The U.S. and Argentina continue to maintain positive relations despite President Kirchner's sometimes populist rhetoric and stated opposition to some international agreements. Some of the differences between both countries are based on the following issues:

- ✓ Argentina, as a country, does not think that the answer to the international terrorism is exclusively military actions, since not only security but also freedom and peace are at risk.
- ✓ The conflict remains between the current government of Argentina, and the creditors of Argentina, the International Bank, the Interamerican Development Bank (IDB), and the International Monetary Fund (IMF) with regard to Argentina's unpaid balance and its reformulation.
- ✓ The U.S.'s continuous increment of the short term financial interest (by June 04: 3.2% annual), which has directly impacted Argentina's debt financing (with the last increment it increases to \$115 million).
- ✓ The opposition of a group of countries, Argentina included, to the intention of the U.S to create a monitoring mechanism to support democracy in the OEA Assembly of 2005.
- ✓ The U.S refusal to support the agreement of cooperation based on the Kyoto Protocol proposed at the IX U.N. Climate Change Conference (Canada 2005)
- ✓ Kirchner's critical discourse at the IV Summit of the Americas in Mar del Plata, Argentina (2005) against the economic policies of U.S and IMF in Latin America.

The Kirchner administration has remained fiscally conservative and has not resorted to large-scale state intervention in the economy. In 2004, following 10 years of negotiations, the Government of Argentina signed a Letter of Agreement with the U.S. Department of State, both demonstrating its increasing willingness to work with the U.S. on counter narcotics issues, and enabling the U.S. to begin providing assistance to the Government of Argentina.

Perspectives on the U.S.

After World War II, economic power of Argentina was optimal (because of the agricultural exportation during the conflict), and there being two well delimited social classes, the high class took advantage of this prospect by sending their young people to study in Europe and traveling around the world mainly for business. At this time, the United States was also recognized by these people as a young country with high potential (economical, technological and military influence). However no great perspectives were initiated between both countries. The poor class had no opinion because they were facing big problems; long hours of hard work without proper payment, the driving force were male workers given that women had no civil rights, etc.

A few years later, when the social differences were not as significant, young Argentines became attracted to and adopted U.S music and dances, Fred Astair and Ginger Roger amazed them, also the music of Elvis Presley and The Rolling Stones; and rock and roll dancing, Joan Baez and Jimi Hendrix later. The impact caused by U.S. musicians and their styles generated an internal movement in music, called "National Rock".

Particularly, the hippie spirit of the sixties produced a huge impact in their lives, inducing young adults (students, workers, etc) to protest against war, world pollution, government oppression, poverty, and restrictions to freedom. This authentic movement had gained, in time, a lot of power, which was later taken advantage of by the Communists, losing its original message. This situation generated the previously described "Dirty War" of Argentina and their consequences. During the military regime (1976-1983) and despite the language barrier, a great number of Argentinean citizens migrated to the U.S and Europe in order to escape potential imprisonment, tortures, disappearances, or even death.

Argentines considered, by these times, the U.S. as one of the most important countries when it comes to innovative technology and great scientific discoveries. They also had deep respect for the U.S population and their government. However, Argentines regarded European countries with more empathy and sympathy, bearing in mind that most of their ancestry had emigrated from Europe. The religion of most European countries was more related to theirs, since Argentina is basically Roman Catholic.

The economic change ("convertibility") imposed by the Menem government (1989-1999) allowed Argentines to live in a fictitious and splendid environment. Consequently, citizens were able to travel all over the world, to buy cars and houses, and to wear expensive imported clothes without limitations. Argentines' perception of the U.S during these times was determined largely by tourism and business. All the more, the fascination with U.S. popular culture continues, by these years not only music and dance had an influence on the youth but also sports (tennis, basketball), films (60% of the movies presented in Argentina were made in the U.S.), and of course cars (Chevrolet, Ford, Cadillac, etc). The incorporation of new technologies such as televisions, computers, walkmans, stereos, photographic and video cameras, internet, were definitively influenced by U.S. Its films and TV programs and TV series had a key role on Argentina's perception of the U.S. Another important

perspective was the possibilities that U.S. universities offered to students, by this decade and a great number of students chose American universities to obtain their master and doctoral degrees in different areas (sciences, humanities, politics, marketing, art, etc).

Again, by the end of 2001, a massive emigration to the U.S and Europe took place, due to the economic crisis enforced by the peso devaluation. The number of Argentinean people who moved mainly to the U.S and Spain was so vast that it produced serious international complications. Because of the September 11 (2001) terrorist attack on the U.S., immigration was restricted, thus complicating the attempts of citizens of Argentina who wished to immigrate to the U.S. However, Argentines did not feel that it was a driven attitude; they recognized with astonishment, horror, and indignation that September 11th was “the day that changed history”. Motives for the great emigration are nowadays different; U.S. is considered a land of opportunities, where dedication to labor, effort for studying, attempt to attain a superior level in sports, arts, or business are properly compensated.

Currently, the slow but substantial recovery of Argentina's economy makes its people view the U.S. as a country abounding with advanced technology, which is important to consider and exchange information. Nothing has changed since the last six decades; nor public opinion regarding U.S citizens and their country, nor cultural, political and economic. Argentina's perceptions on the U.S. With the exception of the “mild participation” of such an influential country as U.S in the global pollution control and reduction; or the military action exerted by U.S on different parts of the world with the intention of world protection.

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